

U.S. House and Senate Notification
Wednesday, August 18, 2010

To: Congressional Health Staff

From: Amy Hall
Director, Office of Legislation
Centers for Medicare & Medicaid Services

Re: CMS Announces the 2011 Average Part D Premium Estimate and the 2011 Part D Benchmarks

Today, the Centers for Medicare and Medicaid Services (CMS) announced that the estimated average monthly premium that beneficiaries will pay for standard Part D coverage in 2011 will be \$30, an increase of about \$1. CMS derived this estimate based on its analysis of the 2010 Part D plan bids. Premiums and benefits for Medicare Advantage plans and more details about the Part D plans will be announced in September, as well as the list of plans that will be available for 2011.

The Affordable Care Act included two provisions, Section 3302 and Section 3303, that reduced the number of LIS individuals that are reassigned this year from 2.1 million to as few as 500,000.

Section 3302 of the Affordable Care Act modifies the LIS regional benchmarks by requiring the use of basic Part D premiums before the application of Part C rebates for MA-PD plans. The change in the benchmark calculation reduced the number of reassignments by about 1 million.

Section 3303 of the Affordable Care Act codifies the ‘de minimis’ policy, under which Part D plans may charge LIS beneficiaries a Part D premium equal to the low-income premium subsidy amount, if the plan’s basic premium exceeds the low-income subsidy by a “de minimis” amount. The law prohibits CMS from reassigning LIS members from plans who volunteered to waive the de minimis amount. If all plans with premiums within \$2 of the LIS benchmark—the de minimis amount established by CMS in today’s announcement-- exercise their option to retain their LIS beneficiaries, nearly 600,000 LIS beneficiaries will remain in the current plans that would have otherwise been reassigned.

The CMS press release on today’s 2011 Part D premium announcement is available on the CMS website at http://www.cms.hhs.gov/apps/media/press_releases.asp.

The 2011 Part D benchmarks, including the National Average Monthly bid amount, the regional LIS benchmarks and additional information on the LIS benchmark demonstration will be available on the CMS website at <http://www.cms.hhs.gov/MedicareAdvtgSpecRateStats/RSD/list.asp>.

If you have any questions, please contact the CMS Office of Legislation.